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15 UNITED STATES DISTRICT COURT  
16 NORTHERN DISTRICT OF CALIFORNIA  
17 SAN FRANCISCO DIVISION

18 WAYMO LLC,  
19 Plaintiff,  
20 v.  
21 UBER TECHNOLOGIES, INC.,  
22 OTTOMOTTO LLC; OTTO TRUCKING LLC,  
23 Defendants.

Case No. 3:17-cv-00939-WHA

**DEFENDANTS' REPLY IN SUPPORT  
OF MOTION TO DISMISS  
WAYMO'S UNFAIR COMPETITION  
LAW CLAIM**

Date: June 7, 2017  
Time: 8:00 a.m.  
Ctrm: 8, 19th Floor  
Judge: The Honorable William Alsup

Trial Date: October 2, 2017

1 **I. INTRODUCTION**

2 Waymo admits that its claims under the California Uniform Trade Secrets Act  
3 (“CUTSA”) and California Unfair Competition Law (“UCL”) arise from the same nucleus of  
4 facts – the alleged theft of confidential documents.<sup>1</sup> Waymo argues it is entitled to maintain  
5 simultaneous CUTSA and UCL claims for the alleged misappropriation of trade secret and non-  
6 trade secret information, respectively, within the documents. Waymo also contends that  
7 alternative pleading is appropriate until a determination is made on the trade secret status of the  
8 documents. Both of these theories continue to be flatly rejected by decisions in this District.

9 Waymo’s contentions to the contrary, it is well settled that allegations concerning non-  
10 trade secret information, even if such information is shown to be distinct from asserted trade  
11 secrets (which Waymo has not shown here), are preempted when they arise from the same  
12 allegedly wrongful conduct as the CUTSA claim. *See, e.g., SunPower Corp. v. SolarCity Corp.*,  
13 No. 12-CV-00694-LHK, 2012 WL 6160472 at \*5 (N.D. Cal. Dec. 11, 2012) (“*SunPower*”);  
14 *Qiang Wang v. Palo Alto Networks, Inc.*, No. C 12-05579 WHA, 2013 WL 415615 at \*4 (Jan. 31,  
15 2013) (Alsup, J.) (“*Qiang Wang*”) (citing California Court of Appeal’s rejection of contention  
16 that claim can be based on “the same nucleus of facts as the trade secrets claim, so long as it  
17 alleges new facts, different injuries and damages, or a different theory of liability”) (*quoting K.C.*  
18 *Multimedia, Inc. v. Bank of Am. Tech. & Operations, Inc.*, 171 Cal. App. 4th 939, 957 n.7 (2009)  
19 (“*K.C. Multimedia*”)); *Top Agent Network, Inc. v. Zillow, Inc.*, No. 14-cv-04769-RS, 2015 WL  
20 10435931, at \*4 (Aug. 6, 2015) (Seeborg, J.) (“*Zillow*”) (“ostensible distinction between the  
21 [trade secret and non-trade secret] claims is belied by the fact that they arise from the same  
22 allegedly wrongful conduct . . . and thus a common nucleus of fact”). Waymo’s Amended  
23 Complaint contains no facts distinguishing alleged trade secrets from non-trade secret  
24 information – that is a distinction Waymo concocted for its opposition brief. But even if such a  
25 distinction were contained in the Amended Complaint, it would not change the outcome on  
26 CUTSA preemption, because all of the allegedly misappropriated information (trade secret or not)

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28 <sup>1</sup> (ECF No. 431, Plaintiff Waymo LLC’s Opposition to Defendants’ Motion to Dismiss  
Waymo’s Unfair Competition Claim (“Opp.”) at 1.)

1 would have been taken as part of the same alleged wrongful conduct – the downloading of  
2 Waymo files.

3 Similarly, Waymo’s argument that its UCL claim can be pled in the alternative until a  
4 determination is made on the trade secret status of the allegedly stolen documents is undermined  
5 by this Court’s decision in *Qiang Wang*. See *Qiang Wang* at \*4 (rejecting plaintiff’s argument  
6 “that it should be permitted to allege breach of confidence in the alternative using the same set of  
7 facts it uses to support its trade secret claim”).

8 For these reasons and as further described below, Waymo’s UCL claim is preempted by  
9 CUTSA and Defendants respectfully request that the Court dismiss the UCL claim with prejudice  
10 and without leave to amend.

## 11 **II. WAYMO’S UCL CLAIM IS PREEMPTED BY CUTSA**

### 12 **A. Waymo Cannot Maintain a UCL Claim Arising from the Same Alleged** 13 **Misappropriation of 14,000 Files as its CUTSA Claim**

14 Waymo’s argument that it can maintain its UCL claim based on the alleged theft of  
15 potentially non-trade secret confidential information ignores prevailing authorities to the contrary,  
16 including the frequently-cited and on-point decision in *SunPower Corp. v. SolarCity Corp.*,  
17 No. 12-CV-00694-LHK, 2012 WL 6160472 (N.D. Cal. Dec. 11, 2012) (“*SunPower*”)  
18 (interpreting and applying the California Court of Appeal’s seminal decision on this issue in  
19 *Silvaco Data Sys. v. Intel Corp.*, 184 Cal. App. 4th 210 (2010), *disapproved on other grounds in*  
20 *Kwikset Corp. v. Superior Court*, 51 Cal. 4th 310 (2011)).<sup>2</sup>

21 Like Waymo here, the plaintiff in *SunPower* argued that it was entitled to simultaneously  
22 maintain CUTSA and UCL claims based on a purported independent property right under  
23 California law in non-trade secret proprietary information. *Id.* at \*4. The court rejected  
24 plaintiff’s attempts to distinguish between the alleged theft of trade secret and non-trade secret  
25 information, holding that where the basis of the alleged property right “is in essence that the

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26 <sup>2</sup> *SunPower* has been cited at least 20 times for its holding that CUTSA preemption  
27 applies to non-trade secret confidential information when the alleged misappropriation is based  
28 on the same nucleus of fact as the alleged trade secret misappropriation. See, e.g., *Avago Techs.*  
*U.S. Inc. v. Nanoprecision Prods., Inc.*, No. 16-cv-03737-JCS, 2017 WL 412524, at \*6 (N.D. Cal.  
Jan. 31, 2017).

1 information is ‘not . . . generally known to the public,’ then the claim is sufficiently close to a  
 2 trade secret claim that it should be superseded notwithstanding the fact that the information fails  
 3 to meet the definition of a trade secret.” *Id.* at \*5 (quoting Cal. Civ. Code § 3426.1(d)(1)). Thus,  
 4 the court concluded that “any property interest [that plaintiff] may have in its non-trade secret  
 5 proprietary information is qualitatively no different from the grounds upon which its trade secrets  
 6 are considered property” and dismissed the plaintiff’s UCL and common law unfair competition  
 7 claims.<sup>3</sup> *Id.* at \*10, 16.

8 Waymo’s attempt to maintain a UCL claim based on a purported separate property right in  
 9 non-trade secret information is similarly meritless.<sup>4</sup> Waymo does not contest that the alleged  
 10 misappropriation of any non-trade secret information arose from the same nucleus of facts as the  
 11 alleged trade secret misappropriation. As in *SunPower*, moreover, Waymo’s purported property  
 12 right in the non-trade secret information is based on claims of confidentiality and exclusivity  
 13 (Opp. at 4-5), characteristics that make the alleged property right “sufficiently close to a trade  
 14 secret claim that it should be superseded.” *SunPower* at \*5. Waymo’s description of the alleged  
 15 non-trade secret information makes clear that it is similar enough to trade secret information to  
 16 subject it to CUTSA preemption: Waymo’s “confidential information is housed on proprietary  
 17 Waymo servers that restrict access” and “Waymo has a ‘legitimate claim to exclusivity.’” (Opp.  
 18 at 5.) Simply put, Waymo generally asserts that the allegedly downloaded files contain trade  
 19 secret and non-trade secret information, but it does nothing to show that any property interest it  
 20  
 21

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22 <sup>3</sup> Waymo avers that, “from a review of those cases” applying the “same nucleus of  
 23 operative facts” test, “it does not appear that any of the plaintiffs in those cases even tried to  
 24 assert a *property right* in any non-trade secret information.” (Opp. at 6.) This claim is plainly  
 wrong in view of *SunPower*.

25 <sup>4</sup> Waymo’s Seventh Cause of Action is devoid of any facts asserting precisely what  
 26 information constitutes non-trade secret information, let alone how the non-trade secret  
 27 information is factually distinct from the allegedly misappropriated trade secret information.  
 28 Again, this is similar to the facts in *SunPower*, where “[n]o information [was] provided [in  
 plaintiff’s causes of actions] regarding what information SunPower contends constitutes non-  
 trade secret proprietary information.” *SunPower*, at \*9-10 (“While SunPower makes a facial  
 distinction between these two categories [confidential and non-confidential information],  
 SunPower uses both terms to refer to the same computer files.”).

1 may have in the non-trade secret files is qualitatively different from the grounds upon which its  
2 trade secrets can be considered its property.

3 Moreover, Waymo completely ignores this Court's decision in *Qiang Wang*. Just as  
4 Waymo has done here, the plaintiff in *Qiang Wang* argued that it was entitled to maintain a non-  
5 CUTSA claim (breach of confidence) based on confidential information that might not meet the  
6 statutory definition of a trade secret. *See id.* at \*3-4. But this Court rejected that argument:  
7 "Plaintiff fails, however, to reconcile this contention with the undersigned's prior orders applying  
8 *K.C. Multimedia* to prohibit that result." *Id.* at \*4. In *K.C. Multimedia*, the court ruled that an  
9 unfair competition claim was preempted because, "[a]s a factual basis for its claim, appellant  
10 alleges the same conduct that gives rise to trade secret claims." *K.C. Multimedia* at 962.  
11 Identifying "something more" than the trade secret claim was insufficient to overcome a  
12 preemption defense because "the conduct at the heart of [the] claim" was the "same" as that  
13 which "underpins" the trade secret claim, the other claim was preempted. *Id.* at 958, 960.  
14 Following *K.C. Multimedia*, this Court in *Qiang Wang* held that the plaintiff's claim based on  
15 non-trade secret information that relied on the same facts as its trade secret misappropriation  
16 claim was preempted by CUTSA. *See Qiang Wang* at \*4-5.

17 Waymo's reliance on this Court's decision in *Total Recall Techs. v. Luckey*, No. C 15-  
18 02281 WHA, 2016 WL 199796 (N.D. Cal. Jan. 16, 2016) (Alsup, J.) is also misplaced as it  
19 overlooks the operative legal conclusion in that case regarding CUTSA preemption: "to the  
20 extent Total Recall's claims rely on the alleged misappropriation of Confidential Information, any  
21 such claims are superseded by CUTSA." *Id.* at \*8. Courts in this District consistently reach the  
22 same conclusion. In *Zillow*, for instance, Judge Seeborg rejected plaintiff's "attempts to aver  
23 within the interstices of trade secrets law additional state-law claims arising from the same  
24 alleged fraud." *Zillow* at \*4. Judge Seeborg held that, even if the plaintiff's UCL allegations  
25 "could be read to concern non-trade secret information that is indeed distinct," the UCL claim  
26 was preempted because the alleged misappropriation arose from "the same allegedly wrongful  
27 conduct." *Id.* As Waymo admits, its UCL claim "arises(s) from the same allegedly wrongful  
28

conduct” – the alleged downloading of Waymo files – and thus is preempted by the CUTSA claim.<sup>5</sup>

The 2011 decision in *Language Line Servs., Inc. v. Language Servs. Assocs., LLC*, No. C 10-02605, 2011 WL 13153247 (N.D. Cal. Mar. 17, 2011), on which Waymo also relies, predates *SunPower* and cannot save Waymo’s UCL claim.<sup>6</sup> Following the *SunPower* decision, the court in *Language Line* found that the CUTSA preempted a non-CUTSA claim based on alleged conversion of non-trade secret information, because both claims arose from the same facts. *Language Line Servs., Inc. v. Language Servs. Assocs., Inc.*, 944 F. Supp. 2d 775, 781 (N.D. Cal. 2013) (Seeborg, J.) (citing *SunPower*); *see also NetApp, Inc. v. Nimble Storage, Inc.*, 41 F. Supp. 3d 816, 839-40 (N.D. Cal. 2014) (“NetApp’s allegations against Reynolds regarding trespass to chattel and unfair competition stem entirely from misappropriation of proprietary information, and are thus preempted”); *Lifeline Food Co., Inc. v. Gilman Cheese Corp.*, No. 5:15-CV-00034-PSG, 2015 WL 2357246, at \*4 (N.D. Cal. May 15, 2015) (holding that the CUTSA preempted the plaintiff’s UCL claim because it was based solely upon defendant’s alleged misuse of Lifeline’s trade secrets or confidential information).

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<sup>5</sup> Waymo cites *Kremen v. Cohen*, 337 F.3d 1024 (9th Cir. 2003) (“*Kremen*”) for the proposition that claims based on alleged misappropriation of non-trade secret information should not be preempted by CUTSA. However, *Kremen* did not address CUTSA preemption, and, in any event, authorities from this District make clear that claims based on the alleged misappropriation of non-trade secret information are preempted when they arise from the same nucleus of facts as the CUTSA claim.

<sup>6</sup> Nearly all of the CUTSA preemption cases cited by Waymo predate *Silvaco* and *SunPower*, and the many decisions issued since. For example, Waymo relies on *TMX Funding, Inc. v. Impero Techs., Inc.*, C 10–00202 JF (PVT), 2010 WL 2509979 (N.D. Cal. June 17, 2010) and *City Solutions, Inc. v. Clear Channel Commc’ns, Inc.*, 365 F.3d 835 (9th Cir. 2004), decisions that (1) predate the decision in *Silvaco*, and (2) were expressly disregarded by *SunPower* for that reason. *See SunPower*, at \*7-9. Similarly, Waymo’s reliance on *Courtesy Temp. Serv., Inc. v. Camacho*, 272 Cal. Rptr. 352 (Ct. App. 1990) is misguided: that decision predates *Silvaco* (by 20 years) and has since been expressly rejected. *See SOS Co. v. E-Collar Techs., Inc.*, No. CV-12-3400- PSG (JEMx), 2012 WL 12897998, at \*4 (C.D. Cal. Oct. 17, 2012) (collecting cases that “expressly rejected” *Courtesy Temp. Serv.*). Waymo also relies on *Martone v. Burgess*, No. C 08-2379, 2008 WL 3916022 (N.D. Cal. Aug. 25, 2008). But that case again predates *Silvaco*, and the plaintiff’s UCL claim in that case was based on an alleged breach of an employment agreement by a former employee, which has not been alleged by Waymo in its UCL claim.

**B. Waymo Cannot Plead its UCL Claim in the Alternative**

Waymo also claims that it should be entitled to plead its UCL claim in the alternative until there is a determination regarding which of the 14,000 files qualify as trade secrets. *SunPower* is again on point: CUTSA preemption is properly decided at the pleading stage because CUTSA will preempt the UCL claim whether or not all of the information qualifies as trade secrets. *See SunPower*, at \*14-15 (rejecting plaintiff's argument that it was premature for the court to make a decision on preemption before a decision is made as to whether the asserted confidential information qualified as trade secret).

*SocialApps, LLC v. Zynga, Inc.*, No. 4:11-CV-04910 YGR, 2012 WL 381216 (N.D. Cal. Feb. 6, 2012) does not help Waymo either. (*See Opp.* at 2.) This Court has specifically addressed and rejected this case: "To the extent that *SocialApps* can be interpreted as holding that the same nucleus of fact can support both a trade-secret and a breach-of-confidence claim, that interpretation is not persuasive because it conflicts with *K.C. Multimedia*." *Qiang Wang* at \*4-5. In finding CUTSA preemption, this Court rejected the plaintiff's contention that it should be permitted to allege breach of confidence in the alternative using the same facts it used to support its trade secrets misappropriation claim. The same reasoning applies here – Waymo should not be permitted to plead the UCL claim in the alternative based on the same facts as its CUTSA claim.

**C. Waymo's UCL Claim Fails and Should be Dismissed with Prejudice**

California law and subsequent decisions in this District are clear: the CUTSA preempts UCL claims when based on the same nucleus of facts as a CUTSA claim. In its Amended Complaint, Waymo explains that its claims are based on a common set of alleged facts – the alleged downloading of confidential Waymo files. (ECF No. 23 Am. Compl. ¶¶ 4-5, 7, 10.) Waymo's failure in its Opposition to seek leave further amend its Amended Complaint makes clear that Waymo has no facts to add that would save that claim. Because the alleged misappropriation of any non-trade secret information arose from the same nucleus of facts (the same alleged wrongful conduct as the alleged trade secrets misappropriation), Waymo cannot



1 legally maintain both a CUTSA and UCL claim, and the latter claim should be dismissed with  
2 prejudice.

3 **III. CONCLUSION**

4 For the foregoing reasons, Uber respectfully requests that the Court grant its motion to  
5 dismiss Waymo's Seventh Cause of Action with prejudice.

6  
7 Dated: May 19, 2017

MORRISON & FOERSTER LLP

8  
9 By: /s/ Arturo J. González  
ARTURO J. GONZÁLEZ

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